

Senate File 2272 - Reprinted

SENATE FILE 2272
BY COMMITTEE ON LABOR AND
BUSINESS RELATIONS

(SUCCESSOR TO SSB 3068)

(As Amended and Passed by the Senate February 26, 2020)

A BILL FOR

1 An Act relating to public assistance program oversight, and
2 including effective date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

DATA MATCHING — PREVENTION OF MULTIPLE ISSUANCES OF
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) BENEFITS

Section 1. DATA MATCHING — PREVENTION OF MULTIPLE
ISSUANCES OF SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)
BENEFITS. By October 1, 2020, the department of human services
shall request any federal waiver or approval necessary from the
food and nutrition service of the United States department of
agriculture in order to comply with section 4011 of the federal
Agriculture Improvement Act of 2018, Pub. L. No. 115-334, and
the regulations adopted under the Act. Upon receipt of any
necessary federal waiver or approval, the department shall
contract with a third-party vendor to conduct national accuracy
clearinghouse matches and corresponding actions in accordance
with the federal law and regulations to provide real-time
prevention of duplicate participation upon a potential
beneficiary's application for SNAP benefits.

Sec. 2. EFFECTIVE DATE. This division of this Act, being
deemed of immediate importance, takes effect upon enactment.

DIVISION II

INCOME AND IDENTITY VERIFICATION — PUBLIC ASSISTANCE PROGRAMS

Sec. 3. NEW SECTION. 239.1 Definitions.

As used in this chapter, unless the context otherwise
requires:

1. "*Applicant*" means an individual who is applying for
public assistance benefits in the state.

2. "*Asset*" or "*asset test*" means all assets of the members
of the applicant's household, including all of the following:

a. All bank accounts, excluding retirement accounts of
members of the household.

b. All cash, excluding the first two thousand dollars of
members of the household.

c. All lottery and gambling income of the household whether
received as a lump sum or installment payments.

d. All real estate, excluding the primary household

1 residence and surrounding lot.

2 *e.* All other personal property excluding personal
3 belongings, household goods, and one vehicle.

4 3. "*Department*" means the department of human services.

5 4. "*Public assistance*" means SNAP (the supplemental
6 nutrition assistance program), the Medicaid program, FIP (the
7 family investment program), and CHIP (the children's health
8 insurance program).

9 5. "*Real-time system*" means real-time electronic access
10 to a system that allows verification of all applicable public
11 assistance program eligibility information based on the
12 most recent information available to the department through
13 nonmodeled earned and unearned income, such as commercially
14 available wage data.

15 6. "*Recipient*" means an individual who is receiving public
16 assistance benefits in the state.

17 Sec. 4. NEW SECTION. 239.2 **Asset test for supplemental**
18 **nutrition assistance program.**

19 1. For the purposes of determining eligibility for receipt
20 of SNAP benefits, the department shall conduct an asset test
21 on all members of the applicant's household. The allowable
22 financial resources to be included in or excluded from a
23 determination of eligibility for SNAP shall be those specified
24 in 7 U.S.C. §2014(g)(1).

25 2. Prior to determining eligibility for SNAP benefits,
26 the department shall access, at a minimum, for every member
27 of the applicant's household, the following information from
28 the following federal, state, and miscellaneous sources, or
29 successor sources:

30 *a.* Federal sources and information:

31 (1) Earned and unearned income information maintained by
32 the internal revenue service.

33 (2) The following sources and information maintained by the
34 United States social security administration:

35 (a) Earned income information.

1 (b) Death register information.

2 (c) Prisoner or incarceration status information.

3 (d) Supplemental security income information maintained in
4 the state data exchange database.

5 (e) Beneficiary records and earnings information maintained
6 in the beneficiary and earnings data exchange database.

7 (f) Earnings and pension information maintained in the
8 beneficiary earnings exchange record system database.

9 (3) The following sources and information maintained by the
10 United States department of health and human services:

11 (a) Income and employment information maintained in the
12 national directory of new hires database by the office of child
13 support enforcement of the administration for children and
14 families.

15 (b) Other federal data sources maintained by the office of
16 child support enforcement of the administration for children
17 and families.

18 *b.* State sources and information:

19 (1) The department's sources and information including but
20 not limited to all of the following:

21 (a) Income and employment information maintained by the
22 child support recovery unit.

23 (b) Child care assistance information maintained by the
24 division of child and family services.

25 (c) Enrollment status in other public assistance programs.

26 (2) The department of workforce development sources and
27 information including all of the following:

28 (a) Employment information.

29 (b) Employer weekly, monthly, and quarterly reports of
30 income and unemployment insurance payments.

31 (3) The Iowa public employees' retirement system for
32 earnings and pension information.

33 *c.* Miscellaneous sources:

34 (1) Any existing real-time database of persons currently
35 receiving benefits in other states, such as the national

1 accuracy clearinghouse.

2 (2) Any databases maintained by the Iowa lottery
3 commission.

4 (3) Any existing real-time eligibility system that includes
5 employment and income information maintained by a consumer
6 reporting agency, as defined by the federal Fair Credit
7 Reporting Act, 15 U.S.C. §1681a, for the purpose of obtaining
8 real-time employment and income information.

9 3. Prior to determining eligibility for SNAP benefits, the
10 department shall access information for every member of the
11 applicant's household from the following public records:

12 a. A nationwide public records data source of physical asset
13 ownership. The data source may include but is not limited to
14 real property, automobiles, watercraft, aircraft, and luxury
15 vehicles, or any other vehicle owned by the applicant.

16 b. National and state financial institutions in order
17 to locate undisclosed depository accounts or verify account
18 balances of disclosed accounts.

19 4. The department shall enter into a memorandum of
20 understanding with any department, division, bureau, section,
21 unit, or any other subunit of a department to obtain the
22 information specified in this section.

23 5. The provisions of this section shall not apply if every
24 member of the applicant's household receives supplemental
25 security income.

26 **Sec. 5. NEW SECTION. 239.3 Cooperation with child support**
27 **enforcement — supplemental nutrition assistance program**
28 **eligibility.**

29 An applicant for SNAP benefits shall be required to
30 cooperate with the child support recovery unit as a condition
31 of eligibility as specified in 7 C.F.R. §273.11(o).

32 **Sec. 6. NEW SECTION. 239.4 Verification and authentication**
33 **systems — public assistance programs.**

34 1. By July 1, 2021, the department shall redesign an
35 existing system; establish a new computerized income, asset,

1 and identity eligibility verification system; or contract with
2 a third-party vendor to provide for identity verification,
3 identity authentication, asset verification, and dual
4 enrollment prevention in order to deter waste, fraud, and
5 abuse in each public assistance program administered by the
6 department.

7 2. The department may contract with a third-party vendor
8 to develop or provide a service for a real-time eligibility
9 system that allows the department to verify or authenticate
10 income, assets, and identity eligibility of applicants and
11 recipients to prevent fraud, misrepresentation, and inadequate
12 documentation when determining eligibility for public
13 assistance programs. The system shall be accessed prior to
14 determining eligibility, periodically between eligibility
15 redeterminations, and during eligibility redeterminations
16 and reviews. The department may also contract with a
17 third-party vendor to provide information to facilitate
18 reviews of recipient eligibility conducted by the department.
19 Specifically, the department may contract with a third-party
20 consumer reporting agency, as defined by the federal Fair
21 Credit Reporting Act, 15 U.S.C. §1681a, for the purpose of
22 obtaining real-time employment and income information.

23 3. A contract entered into under this section shall provide,
24 at a minimum, for all of the following:

25 a. The establishment of the annual savings amount from
26 utilization of the system or service, and a provision that the
27 contract may be terminated contingent upon the savings not
28 exceeding the total yearly cost to the state for utilization of
29 the system or service.

30 b. That the contract shall not preclude the department
31 from continuing to conduct additional eligibility verification
32 or authentication processes, to receive, review, or verify
33 additional information related to the eligibility of an
34 individual, or from contracting with a third-party vendor to
35 provide additional eligibility authentication or verification

1 information.

2 4. The department shall seek federal approval as necessary
3 to implement and administer this section.

4 Sec. 7. NEW SECTION. 239.5 Public assistance programs —
5 applicant and recipient eligibility verification.

6 1. All applications for initial public assistance
7 program benefits and all determinations of ongoing recipient
8 eligibility shall be processed through a system as specified
9 in this section. Complete initial applications shall be
10 processed within the minimum period required by federal law.
11 Prior to determining initial eligibility of an applicant for,
12 or ongoing eligibility of a recipient of, public assistance,
13 the department shall access information for every applicant or
14 recipient from the following federal, state, and other sources:

15 a. Federal sources and information:

16 (1) Earned and unearned income information maintained by
17 the internal revenue service.

18 (2) The following sources and information maintained by the
19 United States social security administration:

20 (a) Earned income information.

21 (b) Death register information.

22 (c) Prisoner or incarceration status information.

23 (d) Supplemental security income information maintained in
24 the state data exchange database.

25 (e) Beneficiary records and earnings information maintained
26 in the beneficiary and earnings data exchange database.

27 (f) Earnings and pension information maintained in the
28 beneficiary earnings exchange record system database.

29 (3) The following sources and information maintained by the
30 United States department of health and human services:

31 (a) Income and employment information maintained in the
32 national directory of new hires database by the office of child
33 support enforcement of the administration for children and
34 families.

35 (b) Other federal data sources maintained by the office of

1 child support enforcement of the administration for children
2 and families.

3 (4) Information maintained by the United States citizenship
4 and immigration services of the United States department of
5 homeland security.

6 (5) Payment information for public housing and section 8
7 housing assistance guidelines maintained by the United States
8 department of housing and urban development.

9 (6) National fleeing felon information maintained by the
10 United States federal bureau of investigation.

11 b. State sources and information:

12 (1) The department's sources and information including but
13 not limited to all of the following:

14 (a) Income and employment information maintained by the
15 child support recovery unit.

16 (b) Child care assistance information maintained by the
17 division of child and family services.

18 (c) Enrollment status in other public assistance programs.

19 (2) The department of workforce development sources and
20 information including all of the following:

21 (a) Employment information.

22 (b) Employer weekly, monthly, and quarterly reports of
23 income and unemployment insurance payments.

24 (3) The Iowa public employees' retirement system for
25 earnings and pension information.

26 c. Other sources including all of the following:

27 (1) Any existing real-time database of persons currently
28 receiving benefits in other states, such as the national
29 accuracy clearinghouse.

30 (2) An available database of persons who currently hold a
31 license, permit, or certificate from any state agency, the cost
32 of which exceeds five hundred dollars.

33 (3) Wage reporting and similar information maintained by
34 states contiguous to Iowa.

35 (4) A third-party consumer reporting agency, as defined

1 by the federal Fair Credit Reporting Act, 15 U.S.C. §1681a,
2 for the purpose of obtaining real-time employment and income
3 information.

4 2. Prior to determining the initial eligibility of an
5 applicant for, or the ongoing eligibility of a recipient
6 of, public assistance benefits, the department shall access
7 information for every applicant or recipient from, at a
8 minimum, the following public records:

9 a. A nationwide public records data source of physical asset
10 ownership. The data source may include but is not limited to
11 real property, automobiles, watercraft, aircraft, and luxury
12 vehicles, or any other vehicle owned by the applicant for or
13 recipient of assistance.

14 b. A nationwide public records data source of incarcerated
15 individuals.

16 c. A nationwide best address and driver's license data
17 source to verify that individuals are residents of the state.

18 d. A comprehensive public records database from which the
19 department may identify potential identity fraud or identity
20 theft that is capable of closely associating name, social
21 security number, date of birth, phone, and address information.

22 e. National and local financial institutions in order
23 to locate undisclosed depository accounts or verify account
24 balances of disclosed accounts.

25 f. Outstanding default or arrest warrant information.

26 3. The state may contract with a third-party consumer
27 reporting agency, as defined by the federal Fair Credit
28 Reporting Act, 15 U.S.C. §1681a, for the purpose of obtaining
29 real-time employment and income information under this section.

30 Sec. 8. NEW SECTION. 239.6 Identity authentication.

31 Unless otherwise prohibited by federal law or regulation,
32 prior to the department awarding public assistance benefits, an
33 applicant shall complete a computerized identity authentication
34 process to confirm the identity of the applicant. Identity
35 authentication shall be accomplished through a knowledge-based

1 questionnaire consisting of financial and personal questions.
2 The questionnaire shall contain questions tailored to assist
3 persons without a bank account or those who have poor access
4 to financial and banking services or who do not have an
5 established credit history. The questionnaire may be submitted
6 by the applicant online, in person, or via telephone.

7 **Sec. 9. NEW SECTION. 239.7 Case review of applicant and**
8 **recipient information.**

9 1. If the information obtained from a review of an
10 applicant's or recipient's information under this chapter does
11 not result in the department finding a discrepancy or change
12 in an individual's circumstances affecting eligibility, the
13 department shall take no further action.

14 2. If the information obtained from a review of the
15 applicant's or recipient's information under this chapter
16 results in the department finding a discrepancy or change in
17 the individual's circumstances affecting eligibility, the
18 department shall respond in accordance with the provisions of
19 section 239.8.

20 **Sec. 10. NEW SECTION. 239.8 Notice and right to be heard.**

21 1. An applicant for, or recipient of, public assistance
22 shall be provided written notice and the opportunity to explain
23 any issues identified in a review performed under this chapter
24 for initial eligibility or redetermination of eligibility.
25 Unless otherwise prohibited by federal law or regulation,
26 a self-declaration by an applicant or recipient shall not
27 be accepted as verification of categorical and financial
28 eligibility during such review.

29 2. The notice provided to the applicant or recipient shall
30 describe in sufficient detail the circumstances of the issue
31 identified, the manner in which the applicant or recipient
32 may respond, and the consequences of failing to respond to
33 the notice or resolve the issue identified. The applicant or
34 recipient shall be provided ten days to respond to the notice.
35 The department may request additional information as necessary

1 to reach a decision.

2 3. An applicant or recipient may respond to the notice as
3 follows:

4 a. By disagreeing with the findings of the department. If
5 the applicant or recipient responds in a timely manner and
6 disagrees with the findings of the department, the department
7 shall reevaluate the circumstances to determine if the
8 applicant's or recipient's position is valid. If, through
9 reevaluation, the department finds that the department is in
10 error, the department shall take immediate action to correct
11 the error. If, through reevaluation, the department affirms
12 that the applicant's or recipient's position is invalid, the
13 department shall determine the effect on the applicant's or
14 recipient's eligibility and take appropriate action. Written
15 notice of the department's determination and the actions taken
16 shall be provided to the applicant or recipient.

17 b. By agreeing with the findings of the department. If
18 the applicant or recipient responds in a timely manner and
19 agrees with the findings of the department, the department
20 shall determine the effect on the applicant's or recipient's
21 eligibility and take appropriate action. Written notice of the
22 department's determination and actions taken shall be provided
23 to the applicant or recipient.

24 4. If the applicant or recipient fails to respond to the
25 notice in a timely manner, the department shall provide notice
26 to terminate the applicant's application or to discontinue
27 the recipient's enrollment for failure to cooperate, and
28 shall terminate the applicant's application or discontinue
29 the recipient's enrollment. The applicant's or recipient's
30 eligibility for such public assistance shall not be established
31 or reestablished until the issue has been resolved.

32 Sec. 11. NEW SECTION. 239.9 Referrals for fraud,
33 misrepresentation, or inadequate documentation.

34 1. Following a review of an applicant's or recipient's
35 eligibility under this chapter, the department may refer cases

1 of suspected fraud along with any supportive information to the
2 department of inspections and appeals for review.

3 2. In cases of substantiated fraud, upon conviction, the
4 state shall review all appropriate legal options including
5 but not limited to removal of a recipient from other public
6 assistance programs and garnishment of wages or state income
7 tax refunds until the department recovers an equal amount of
8 benefits fraudulently claimed.

9 3. The department may refer suspected cases of fraud,
10 misrepresentation, or inadequate documentation relating to
11 initial or continued eligibility to appropriate state agencies,
12 divisions, or departments for review of eligibility issues in
13 programs providing public benefits other than those as defined
14 in this chapter.

15 Sec. 12. NEW SECTION. 239.10 Administration — rules —
16 reporting.

17 1. The department of human services shall adopt rules
18 pursuant to chapter 17A to administer this chapter.

19 2. The department shall submit a report to the governor
20 and the general assembly by January 15, 2022, and by January
21 15 annually thereafter through January 15, 2027, detailing the
22 impact of the verification and authentication measures taken
23 under this chapter. The report shall include data for all
24 affected public assistance programs including the number of
25 cases reviewed, the number of cases closed, the number of fraud
26 investigation referrals made, and the amount of savings and
27 cost avoidance realized from the provisions of this chapter.

28 Sec. 13. IMPLEMENTATION.

29 1. The department of human services shall request federal
30 approval including for any state plan amendment or waiver
31 necessary to administer this division of this Act.

32 2. The provisions of this division of this Act requiring
33 federal approval shall be implemented upon receipt of such
34 federal approval.

35 3. The provisions of this division of this Act not requiring

1 federal approval shall be implemented as specified in this Act,
2 or if not specified in this Act, no later than July 1, 2021.
3 4. The department may contract with multiple third-party
4 vendors to administer this division of this Act.